



Leveraging on iTax for Public Sector Accountants

Challenges before integration between iTax/IFMIS/CBK



Ministries, Departments and Agencies(MDAs) of government have been using IFMIS to make tax payments to KRA directly to central bank.

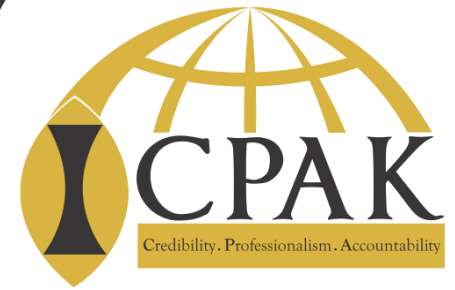
Due to lack of an integration between iTax, IFMIS and CBK, the following challenges were experienced by KRA, MDAs, their employees and suppliers.

1. KRA

- Lack of real time visibility of the payments for monitoring and reporting purposes.
- Challenges relating to issuance of tax compliance certificates to employees with missing PAYE credits as their ledgers showed a liability.
- Ensuring compliance with relevant tax heads like PAYE, WHVAT, WHIT and WHRENT.
- Challenges in implementing data driven compliance to ensure suppliers have declared the turnover arising from the trading with government.

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Challenges before integration between iTax/IFEMIS/CRK



2. MDAs

- Lack of real time visibility of the payments for monitoring and compliance purposes.
- Lack of corresponding credits to the returns filed.
- Refund of any overpayment or tax paid in error etc

3. Suppliers

- Missing WHT, WHRENT and WHVAT certificates/credits for returns filed in iTax leading to erroneous liabilities.
- Refund challenges relating to missing certificates in the ledger.
- Non compliance by suppliers who were reluctant to declare the income when the corresponding certificates were missing in iTax.

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4. Employees of MDAs

- Missing PAYE credits leading to liabilities in the ledgers
- Challenges in processing refunds – insurance reliefs, mortgage, normal overpayments etc due to missing PAYE credits
- Challenges in being issued with TCCs by KRA

iTax/IFMIS/CBK Integration



This was meant to ensure a seamless exchange of information between IFMIS, iTax and CBK to ensure transactions happening in IFMIS and CBK relating to WHIT, WARENT and WHVAT reflect real time in iTax leading to generation of certificates in iTax for the respective suppliers. Benefits of the integration include;

- Both the MDA and supplier will have visibility of the tax payments made and certificates which will have been generated. Enhanced compliance by both MDAs and respective suppliers on both filing and payment of tax.
- Enhanced visibility of tax payments by MDAs leading to better monitoring and reporting by KRA.
- Faster issuance of tax compliance certificates to low risk taxpayers e.g taxpayers with employment income only.
- Updated iTax ledgers with the correct credits from the certificates generated through the integration.
- Refund processing for both the MDA employees and their suppliers.

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Way Forward and Next Steps



- Missing PAYE credits issue to be addressed through the ongoing iTax/IFMIS/IPPD/CBK integration currently under pilot with 15 MDAs.
- Manual reconciliation for PAYE paid by MDAs once filing of the PAYE returns in iTax to be pursued until full rollout of the iTax/IPPD/IFMIS/CBK integration.
- Data cleaning of IPPD data like PINs, ID numbers, Names, exemption certificates to ensure seamless filing and upload of PAYE returns.
- Need to capture all employees liable to PAYE in IPPD – P&P, Contract,
- On going integration between iTax and CBK for generation of WHT certificates from government securities.
- Enhanced compliance and monitoring in remitting 90% of surplus funds
- Government intending to rollout a new payroll system to replace IPPD.
- Explore integration with other MDAs who pay through IFMIS but use their own ERPs for payroll management e.g PSC
- Reversal of erroneous penalties and interest relating to manual reconciliation
- Continuous engagement by KRA through Public Sector Division and the MDAs relating to their tax compliance journey.

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